



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 7, 2004

H.R. 4323

A bill to amend title 10, United States Code, to provide rapid acquisition authority to the Secretary of Defense to respond to combat emergencies

*As ordered reported by the House Committee on Armed Services
on May 13, 2004*

SUMMARY

H.R. 4323 would authorize the Secretary of Defense to rapidly acquire equipment needed to eliminate a deficiency in a combat capability that results in combat fatalities, by waiving statutory requirements governing the procurement process, such as contract solicitation, competition, and award regulations, requirements for conducting testing and evaluation before purchasing, and any other procedures and requirements as the Secretary considers appropriate. Under the bill, which would not provide additional budget authority for this purpose, the Department of Defense (DoD) would be allowed to use funds that are available to the department, up to \$100 million a year.

CBO believes that appropriations used for these acquisitions (namely, defense procurement) would be spent more quickly than acquisitions made under current law because any rapid acquisitions would be made to satisfy an urgent requirement and would be exempt from many of the time-consuming statutory requirements governing regular acquisitions. Because spending would be faster than under current law, CBO estimates that outlays for defense procurement would increase by approximately \$90 million over the 2005-2009 period. The bill would not affect direct spending or receipts.

H.R. 4323 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 4323 is shown in the following table. The costs of this legislation fall within budget function 050 (national defense). This estimate assumes that the bill will be enacted near the start of fiscal year 2005.

	By Fiscal Year, in Millions of Dollars					
	2004	2005	2006	2007	2008	2009
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for National Defense						
Estimated Authorization Level ^a	440,881	453,231	461,520	472,177	483,749	496,230
Estimated Outlays	434,108	450,484	456,701	462,610	477,664	489,781
Proposed Changes						
Authorization Level	0	0	0	0	0	0
Estimated Outlays	0	43	26	11	6	4
Spending for National Defense Under H.R. 4323						
Estimated Authorization Level ^a	440,881	453,231	461,520	472,177	483,749	496,230
Estimated Outlays	434,108	450,527	456,727	462,621	477,670	489,785

a. The 2004 level is the amount appropriated for that year. No full-year appropriation has yet been provided for fiscal year 2005. The current-law amounts for the 2005-2009 period assume that appropriations remain at the 2004 level with adjustments for anticipated inflation.

BASIS OF ESTIMATE

Although DoD can use any funds available to the department to rapidly acquire equipment needed to eliminate a deficiency in a combat capability that results in combat fatalities, up to a limit of \$100 million each year, CBO expects that the source of most of the funds for these rapid acquisitions would be the roughly \$80 billion in annual procurement appropriations provided to the military services and defense agencies. However, CBO believes that appropriations used for those acquisitions would be spent more quickly than acquisitions made under current law because any rapid acquisitions would be made to satisfy an urgent requirement and would be exempt from many of the time-consuming statutory requirements governing regular acquisitions. CBO believes that DoD would fully utilize this authority in each year over the 2005-2009 period. Because spending would be faster than under current law, CBO estimates that outlays for procurement would increase by approximately \$90 million over the 2005-2009 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 4323 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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